



WATER, SANITATION AND HYGIENE (WASH) BUDGET ISSUE PAPER

ZANZIBAR

JULY 2022

Key messages

- The budget for the water sector fluctuated from one year to another mainly due to the availability of development foreign funding. Between FY 2018/19 and FY 2019/20, the nominal budget for the water sector (Ministry of Water and Zanzibar Water Authority) increased by 70 per cent (TSh 65 billion). The Ministry's budget increase was mainly attributed to an 80 per cent increase in the budget for foreign development projects (TSh 53 billion). However, between FY 2019/20 and FY 2021/22, the Ministry's budget declined by 37 per cent (TSh 51 billion).
- Over 80 per cent of the budget is directed to foreign development projects, indicative of donors' willingness to support the development of the sector. However, this investment has not yet been matched by government funds to operationalize and maintain facilities, as the Ministry's recurrent budget accounting for 9 per cent and 6 per cent of the total budgets for FY 2020/21 and FY 2021/22, respectively.
- WASH is being implemented by different stakeholders in Zanzibar, with no separate government vote to capture aggregated information on the sector. The aggregate budget for the management, administration and coordination of water and energy services makes it difficult to assess whether adequate funding is being allocated to enhance the performance of the WASH sector.
- Poor revenue collection for water supply by ZAWA is a huge concern as revenue appears to be declining, with increased reliance on government subsidies. This is attributed to citizens' unwillingness to pay for water services (currently a flat rate of TSh 4,000 per month for non-metered customers) due to unreliable water supply and 20 per cent coverage of water metres. Operational costs are affected by low revenue as no subventions for 'Other charges' (OC) are received from the government.
- More than 84 per cent of households in Zanzibar are connected to water mains from ZAWA and private boreholes.¹ However, the above infrastructure coverage does not equate to water availability. The daily production capacity of ZAWA is only 41 per cent (162,000,000 l/d) of the demand (396,000,000 l/d). Although the Ministry's budget speech for FY 2021/22 noted a few developments in water infrastructure, including metre installations and new water connections, there is a need for ZAWA to ensure water is available to all users so as to justify and enforce water service charges.

¹ Tanzania Demographic and Health Survey and Malaria Indicator Survey, 2015/16.



Introduction

The Zanzibar Development Vision 2050 sets a strategic direction to the water, sanitation and hygiene (WASH) sector, which is to aim towards greater accessibility, affordability and sustainability of water resources, sanitation services and hygiene practices, ensuring all households and public institutions have access to safely managed water and sanitation.

WASH indicators monitored by the Ministry of Health indicate that while almost all households have access to water services, issues remain regarding the quality of water and hygiene. Indeed, 80 per cent of households have access to improved water sources, 55 per cent have access to water sources on the premises, 24 per cent have access to handwashing facilities and 14.7 per cent have access to safely managed drinking water services. As far as sanitation is concerned, only 60 per cent of households have basic sanitation, with 69 per cent using improved toilets and 41 per cent having a proper drainage system. However, 17 per cent of households still share a toilet with five more households.

The results from the 2018 School Water, Sanitation and Hygiene (SWASH) assessment, based on a sample of 156 schools (7 per cent of all schools in Zanzibar), revealed that 68.2 per cent of the schools have an improved source of drinking water, 55.3 per cent have access to basic drinking water services (improved sources of drinking water with water available during the assessment) and 13 per cent have limited access to water services (improved sources but water was not available at the time of the assessment).

WASH in Zanzibar is implemented by different stakeholders. Following the split of the Ministry of Lands, House, Water and Energy (MLHWE), the Ministry of Water, Energy and Minerals (MWEM) became operational in 2021/22 and is responsible for the implementation of water sector policies, strategies and programmes, whereas ZAWA manages water resources and ensures the availability of clean, reliable and good quality water supply to all citizens in Zanzibar. The mandate of sanitation and hygiene cuts across the government, with activities being implemented by the Ministry of Education and Vocational Training (MoEVT), Ministry of Health and the Second Vice President Office (in charge of coordinating the Zanzibar Comprehensive Cholera Elimination Programme²) and Local Government Authorities (LGAs). LGAs under the President's Office – Regional Administration and Special Departments are the key players for ensuring sanitation, with the main responsibility of maintaining cleanliness in their respective districts.

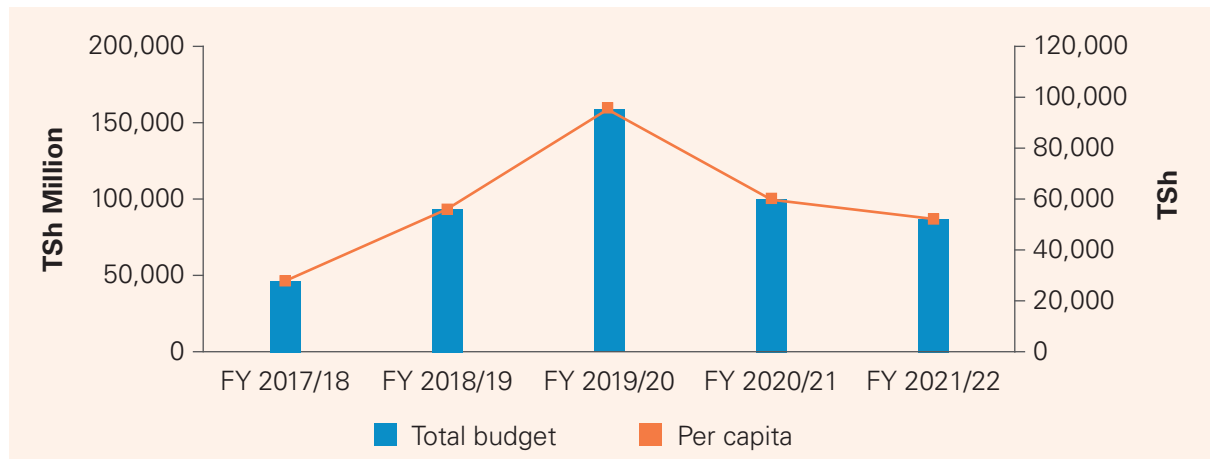
Budget trends: Water

During the five-year period (FY 2017/18 to FY 2021/22), the nominal government allocation to the water sector rose by 89 per cent (TSh 41 billion). Most notable was an increase of 70 per cent (TSh 65 billion) between FY 2018/19 and FY 2019/20 (Figure 1). This increase was financed through foreign development assistance, which is responsible for the volatility in funding to this sector. Some of the projects that contributed to the budget increase in FY 2019/20 were funded by India and China aiming to strengthen the water supply system. A thorough analysis of budget trends was not possible because of the double counting of local development funds given the existing reporting structure between ZAWA and the Ministry of Water. The FY 2021/22 budget did not include the budget of ZAWA for the year, which was not available for analysis.

Zanzibar has no separate vote for WASH, making it impossible to obtain a complete set of WASH data through the existing government systems. The UN-Water Global Analysis and Assessment of Sanitation and Drinking-Water (GLAAS) 2017 Report recommends a global per capita average allocation of US\$ 19 for government WASH programmes. However, given that there is no specific vote for WASH, it was not possible to compare the per capita allocation of Zanzibar with the global benchmark.

² Zanzibar Comprehensive Cholera Elimination Plan.

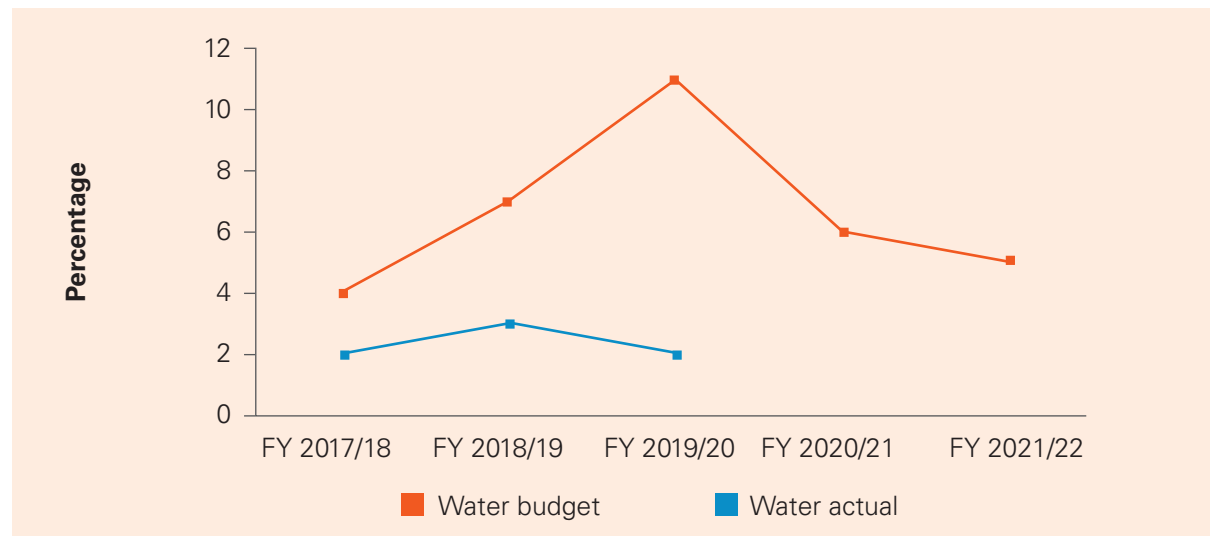
Figure 1: Total nominal water (MLHWE, MWEM and ZAWA) budget and per capita allocations between FY 2017/18 and FY 2021/22



Data source: Analysis of POFP and ZAWA budget data

Despite progressively increased budget allocation as a share of the government budget to water between FY 2017/18 and FY 2019/20, reaching a height of 11 per cent, the share of government expenditure on the water sector was 5 per cent in FY 2021/22. The actual expenditure allocation is still low, averaging 2.3 per cent of the total government spending in FY 2019/20 (Figure 2).

Figure 2 Water allocation and actual spending as a percentage of government budget and total expenditure between FY 2017/18 and FY 2021/22



Source: Analysis of POFP and ZAWA budget data

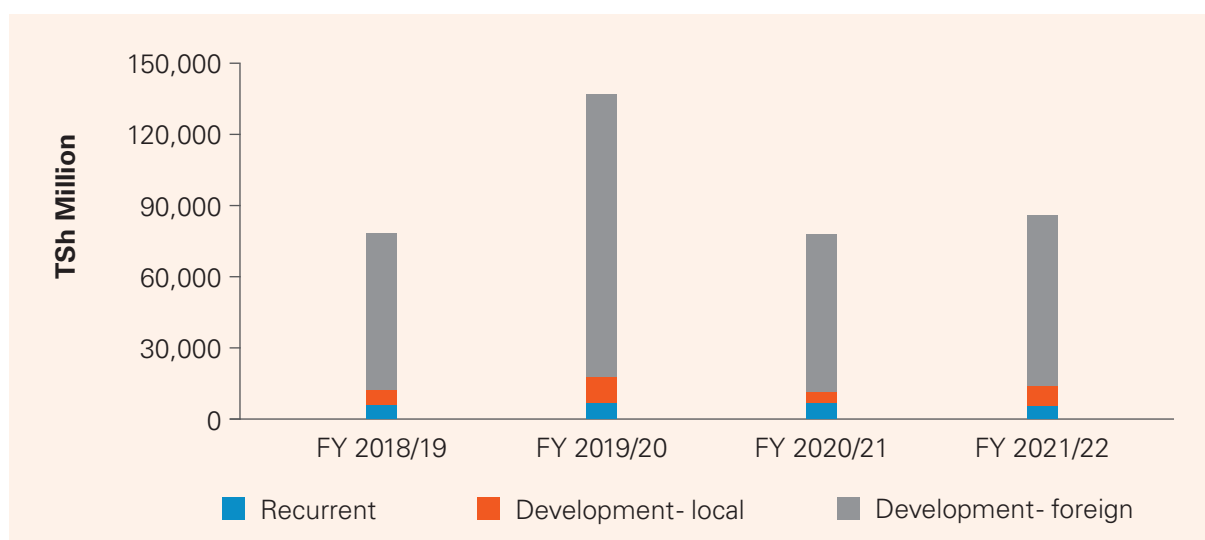
Budget analysis

Analysis by funding category

Based on an analysis of the Ministry of Water’s budget, the share of the recurrent budget between FY 2018/19 and FY 2021/22 remained relatively constant, never exceeding 9 per cent, whereas the development budget fluctuated significantly (Figure 3). Local development projects were allocated an equally small share of the budget (under 10 per cent during the period of analysis), most of which related to well drilling by Ras Al Khaymah, representing an increase of 101 per cent between FY 2020/21 and FY 2021/22.

Over 80 per cent of the nominal budget was directed to foreign development projects, which is indicative of donors' willingness to develop the sector. In FY 2021/22, this amounted to 84 per cent of the Ministry's budget (TSh 72 billion). However, this proposition raises concerns about financial sustainability, as most of the Ministry's budget is funded through foreign development budget (loans). Budgeted funds from development partners were not matched with additional government recurrent funds required to operationalize and maintain the facilities given the 6 per cent share of the recurrent budget in FY 2021/22 (Figure 3).

Figure 3: Water (MLHWE and MWEM) budgets by funds category between FY 2018/19 and FY 2021/22

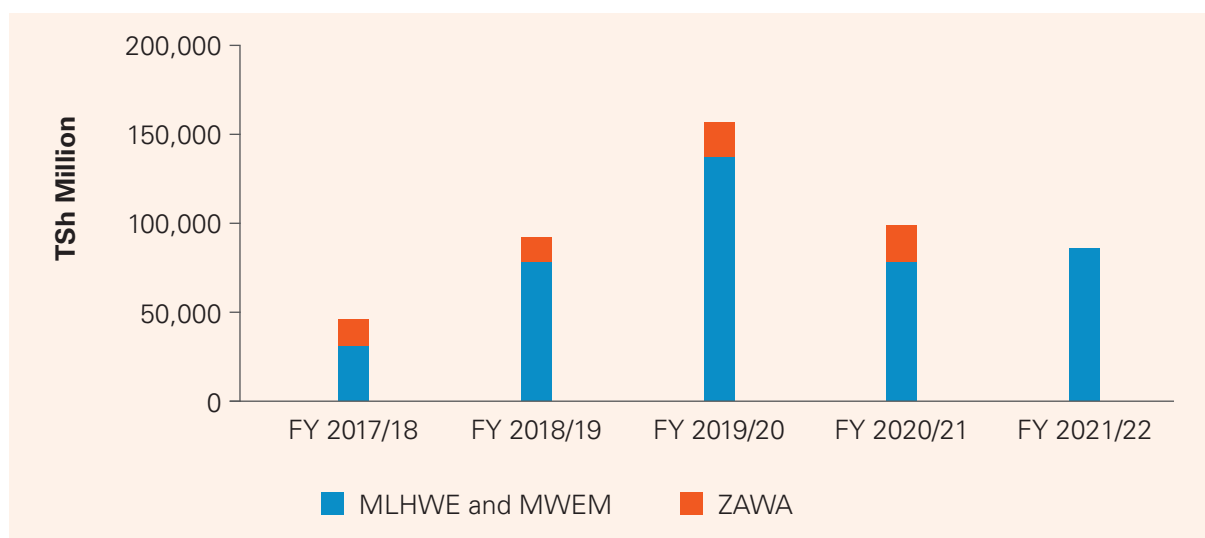


Source: Analysis of POFP budget data.

Analysis by level of delivery

Between FY 2019/20 and FY 2020/21, the water budget decreased by 37 per cent (TSh 58 billion), which was mainly contributed by a decline in the Ministry's foreign and local development budgets by 44 per cent and 61 per cent, respectively (Figure 4). The bulk of the water budget is allocated to the Ministry with a smaller proportion directed to ZAWA.

Figure 4: Zanzibar water (MLHWE, MWEM and ZAWA) budget by vote between FY 2017/19 and FY 2021/22



Source: Analysis of POFP and ZAWA budget data

Other WASH stakeholders

WASH activities at the Ministry of Health fall under two categories: health facilities and community. Both levels receive support from development partners (WHO and UNICEF). Between FY 2017/18 and FY 2021/22, the total nominal budget allocation increased by 48 per cent (TSh 30.4 billion) with the highest increase of 30 per cent being noted between FY 2019/20 and FY 2020/21. This resulted from a 104 per cent increase of support from UNICEF.

Limited sanitation budgets at the municipal/LGA level is currently a major challenge for the WASH sector. This significantly limits the implementation of some sanitation activities such as faecal sludge management. In FY 2021/22, Chake Chake, Wete and Magharibi B Municipalities allocated 6 per cent, 3 per cent and 1 per cent of their total nominal budgets to sanitation, respectively, in comparison to 2 per cent, 0.5 per cent and 0.5 per cent, respectively, in FY 2020/21. The absence of a national strategy and lack of mandated institution responsible for sanitation have contributed to low prioritization of the budget allocations to sanitation. This may impact Zanzibar's economy in the long term due to increased mortality and morbidity from waterborne diseases resulting from poor faecal sludge management.

Analysis by subprogrammes

The reporting structure still does not facilitate splitting/disaggregation of water and energy services. This is particularly so for budget lines relating to management and administration, and coordination of policy, planning and research.

Between FY 2018/19 and FY 2020/21, the majority of the Ministry's budget was allocated to management of utilities (averaging 97 per cent of the budget), followed by management and administration of human resources; coordination in Pemba; and coordination of planning, policy and research. The utilities management budget decreased by 44 per cent (TSh 59 billion) in FY 2020/21 (Figure 5) due to a drop in development budgets.

MWEM, which has been operating since 2020/21, has a new Department of Water Development (DWD), which marks a move towards enhancing the split of service delivery and development between ZAWA and the Ministry. The FY 2021/22 budget (Figure 6) is likely reflective of these transitional issues. With a newly appointed Director and ongoing review of policies and guidelines, allocations between programmes are likely to shift in future financial years.

Figure 5: Zanzibar water (MLHWE) budget by programmes between FY 2018/19 and FY 2020/21

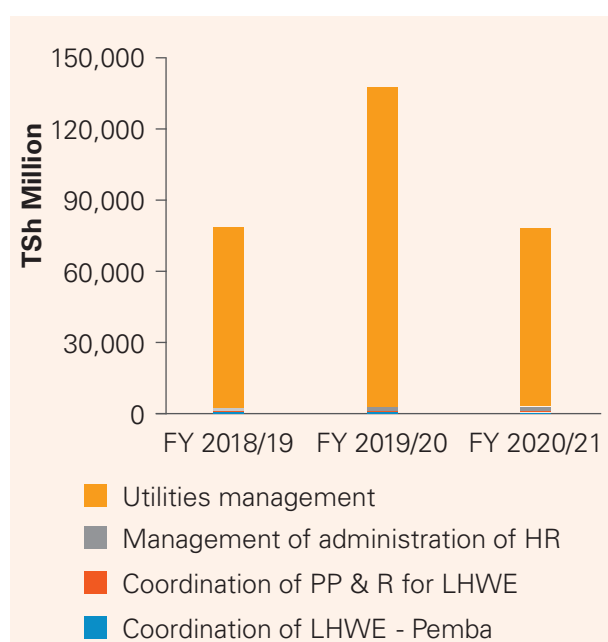
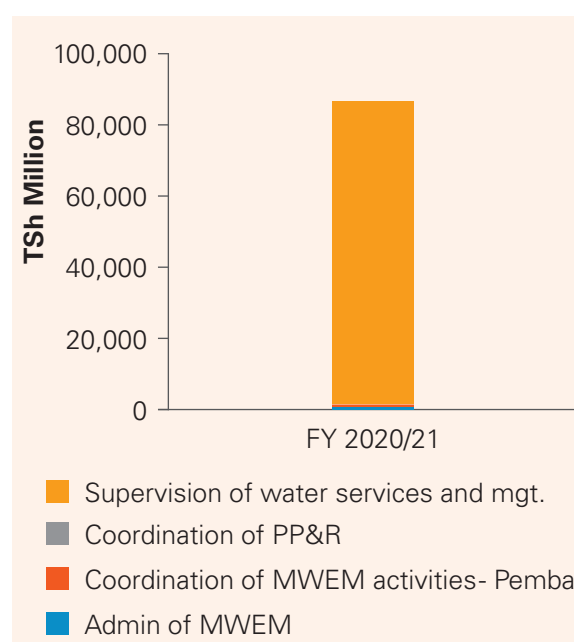


Figure 6: Zanzibar water (MWEM) budget by programmes for FY 2020/21

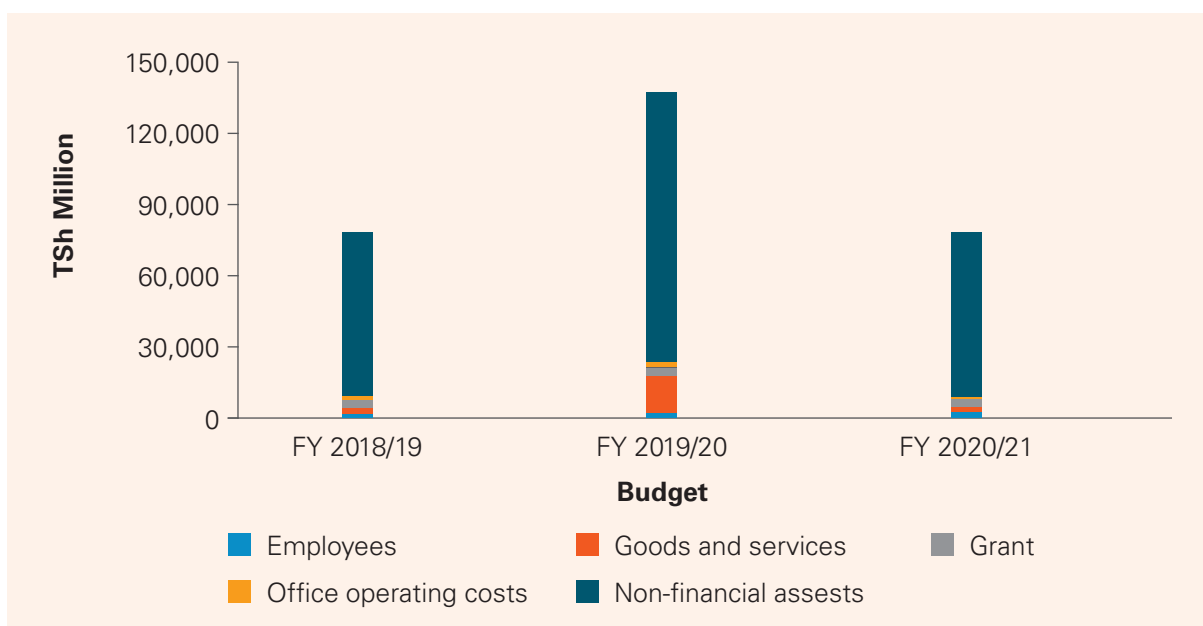


Source: analysis of POFP budget data

Analysis by budget category

For the period of analysis, most of the budget was allocated to non-financial assets (NFAs), mainly for construction and purchase of equipment, increasing from 83 per cent to 89 per cent between FY 2019/20 and FY 2020/21 (Figure 7) despite reduction in the overall budget. Notably, office operating costs decreased by 77 per cent (TSh 2 billion) between FY 2019/20 and FY 2020/21 due to restructuring of the Ministry.

Figure 7: Zanzibar water (MLHWE and MWEM) budget by budget category between FY 2018/19 and FY 2020/21



Source: analysis of POFP budget data

Budget execution

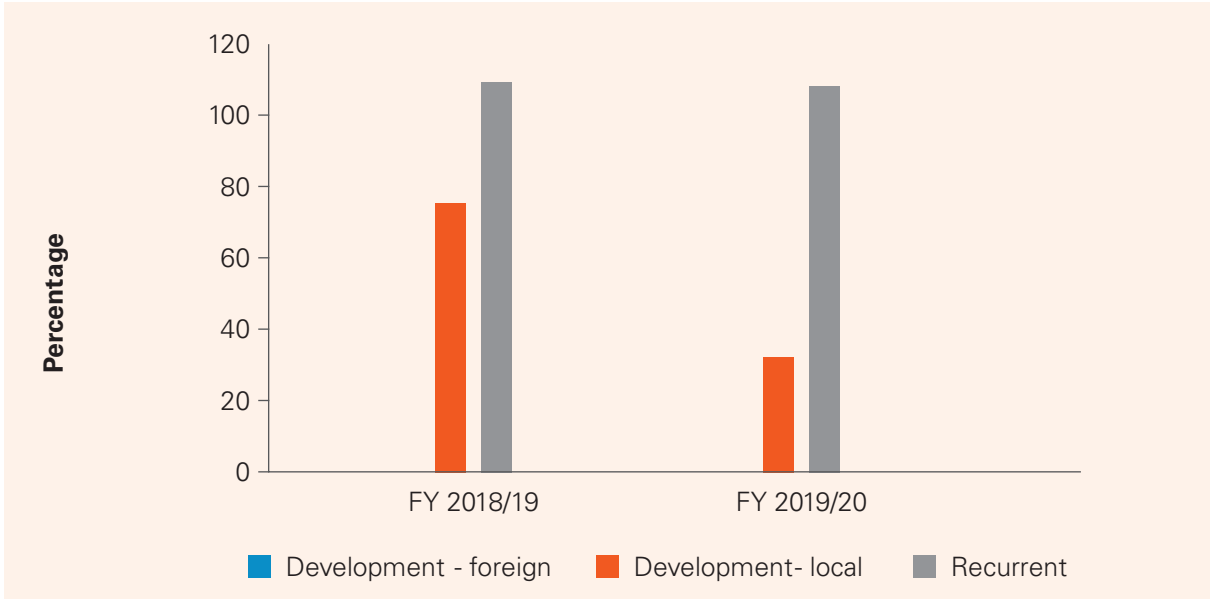
Analysis by fund/expenditure category

Budget execution was analysed for two years. The execution rate of the Ministry's recurrent funds exceeded 100 per cent for FY 2018/19 and FY 2019/20 (Figure 8). Local development fund utilization declined from 75 per cent to 32 per cent over the same period. Execution for foreign development funds in POFP records was 0 per cent in FY 2018/19 and FY 2019/20, suggesting gaps in data reconciliation. In FY 2018/19 (the most recent actual expenditure data available to Government Financial Statistics [GFS] level), 5 per cent of the NFA budget, 22 per cent of the goods and services budget and 58 per cent of the office operating costs budgets were utilized. By contrast, the employees' budget was overspent by 134 per cent.

Between FY 2018/19 and FY 2020/21, the OC and development execution rates of ZAWA declined from 25 per cent to 19 per cent and from 147 per cent to 22 per cent, respectively (Figure 9). The drop in OC execution resulted from declining revenue from services³ by 32 per cent between FY 2018/19 and FY 2020/21.

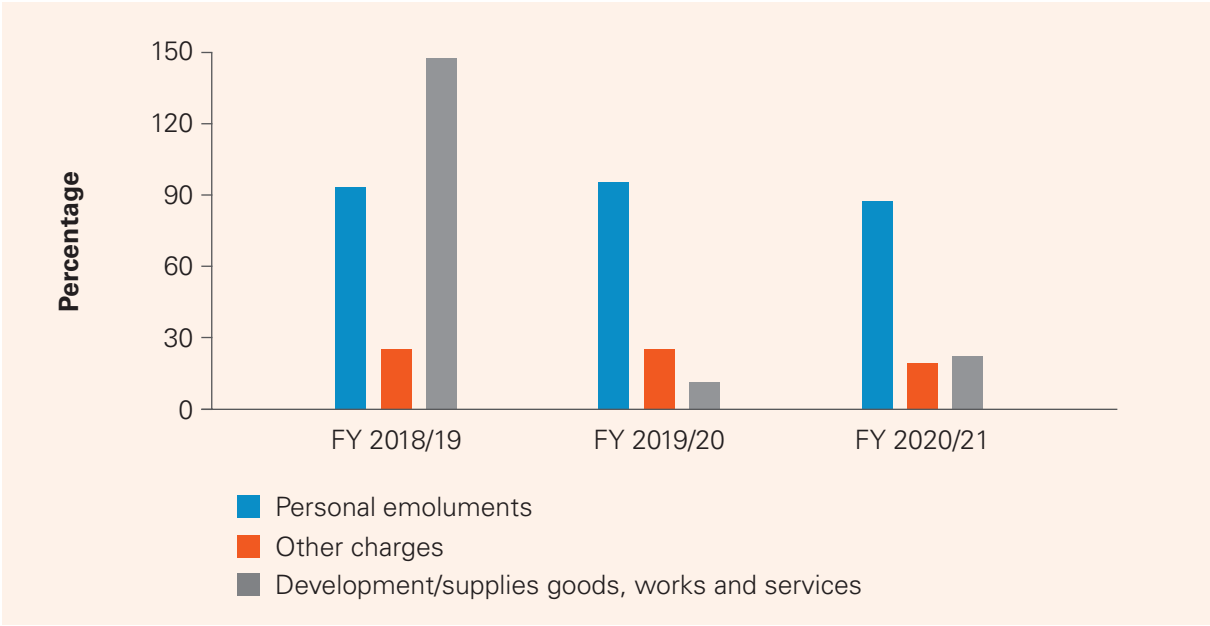
³ Income from services is an aggregation of income from water sales, service charge and other income.

Figure 8: Zanzibar water execution rate by funding category between FY 2018/19 and FY 2019/20



Source: Analysis of POFP budget data. Source: Analysis of ZAWA final accounts.

Figure 9: ZAWA budget execution rate by expenditure category between FY 2018/19 and FY 2020/21



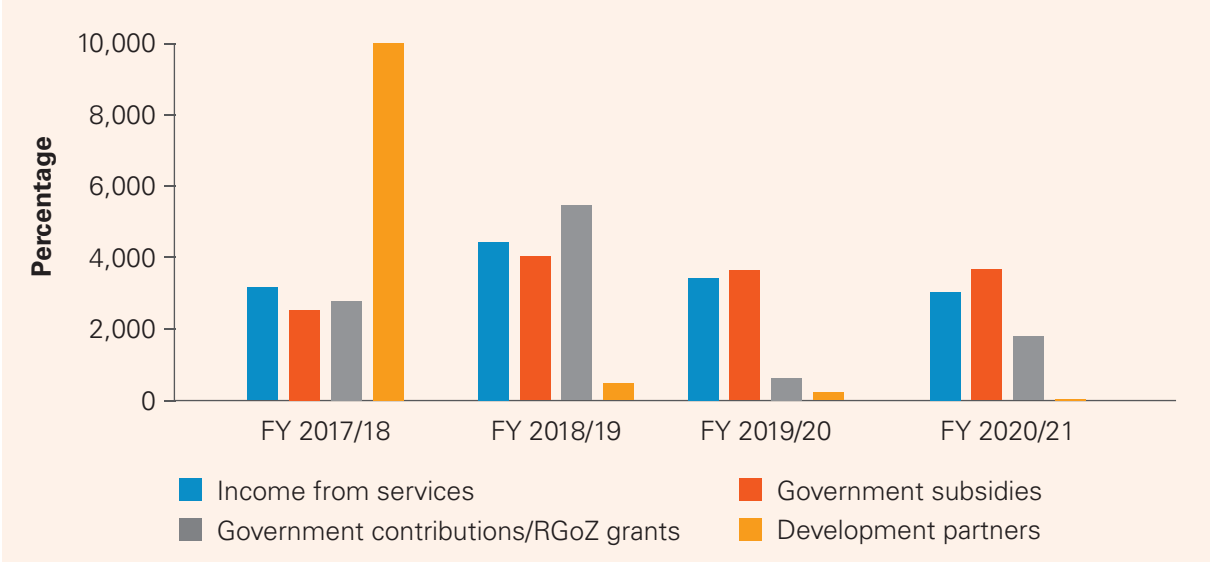
Source: Analysis of POFP budget data. Source: Analysis of ZAWA final accounts.

Revenues and expenditure of ZAWA

ZAWA has four sources of revenue: income from services, government subsidies, government contributions/grants and development partners. From FY 2019/20 to FY 2020/21, most of the income of ZAWA was from government subsidies. This amounted to 43 per cent of the total income collected in FY 2020/21, representing a slight decline from 46 per cent in FY 2019/20. In FY 2020/21, no income was reported from development partners (which resulted in a decline of TSh 180 million from FY 2019/20). The decline was offset by the 198 per cent increase in government contributions (TSh 1.2 billion in absolute terms). Income from services in FY 2020/21 was 36 per cent, an increase from 17 per cent in FY 2017/18. Indeed, the forecasted 36 per cent of income from revenue is far from reaching the 85 per

cent self-independence target of ZAWA by 2023.⁴ Revenue from service charges is hugely affected by the coverage of water metres, which is currently approximately 50 per cent,⁵ and low tariffs charged to households without metres. The dependency on government subsidies over revenue from services poses a risk to the financial sustainability of ZAWA (Figure 10).

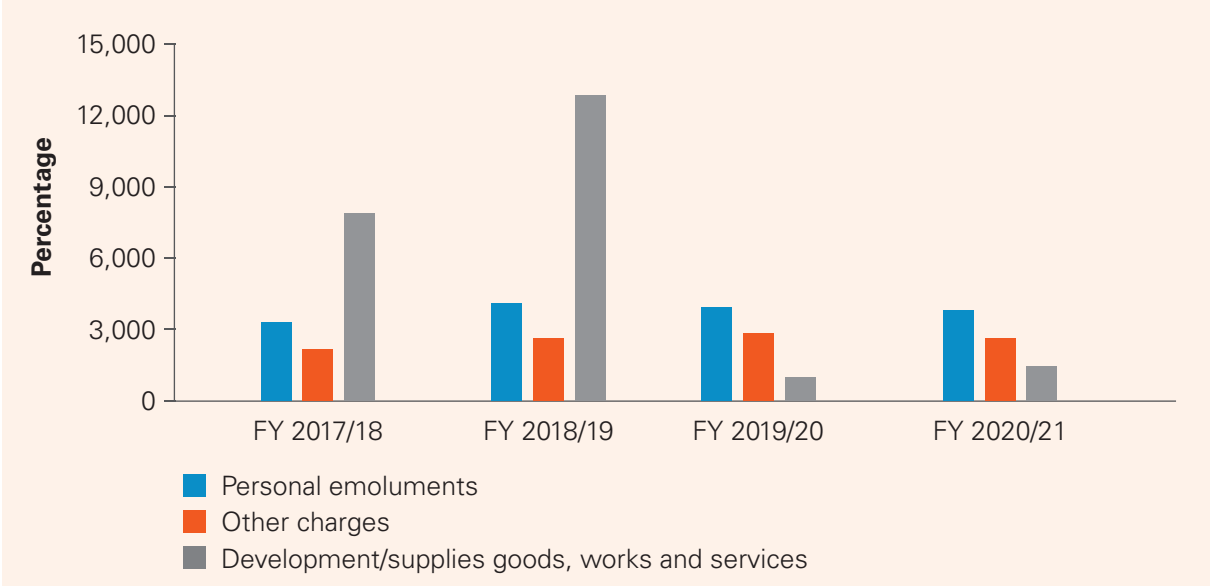
Figure 10: ZAWA Income between FY 2017/18 and FY 2020/21



Source: analysis of ZAWA’s Final accounts between FY 2018/19 and FY 2020/21

Expenditure incurred on development activities significantly declined from FY 2018/19 to FY 2020/21 (Figure 11), amounting to 18 per cent of the total actual expenditure in FY 2020/21. This indicates that less funding is allocated to capital investments. OC was also low (averaging 25 per cent of the total expenditure in the period); such low funding allocation is likely affected by low revenue collection and, as a consequence, takes a toll on repair and maintenance services.

Figure 11: ZAWA Expenditure between FY 2017/18 and FY 2020/21



Source: analysis of ZAWA’s Final accounts between FY 2018/19 and FY 2020/21

⁴ Zanzibar Water Authority Strategic Business Plan, 2018–2023.

⁵ From key informant interviews, the current number of meters until June 2020 (end of FY 2019/20) is 15,850, with the target of metered households/institutions being 31,800 by FY 2020/21, a coverage of approximately 50 per cent.

